Federal Retirement Thrift Investment Board § 1605.2

contributions. It is the difference between the value of the shares of the applicable investment fund(s) that would have been purchased had the contribution been made on the “as of” date and the value of the shares of the same investment fund(s) on the date the contribution is posted to the account.

Error means any act or omission by the Board, the TSP Record Keeper, or the participant’s employing agency that is not in accordance with applicable statutes, regulations, or administrative procedures that are made available to employing agencies and/or TSP participants. It does not mean an act or omission caused by events that are beyond the control of the Board, the TSP Record Keeper, or the participant’s employing agency.


Late contributions means:
(1) Employee contributions that were timely deducted from a participant’s basic pay but were not timely reported to the TSP record keeper for investment;
(2) Employee contributions that were timely reported to the TSP but were not timely posted to the participant’s account by the TSP because the payment record on which they were submitted contained errors;
(3) Agency matching contributions attributable to employee contributions referred to in paragraphs (1) or (2) of this definition; and
(4) Delayed agency automatic (1%) contributions.

Makeup contributions are employee contributions that should have been deducted from a participant’s basic pay or employer contributions that should have been charged to an employing agency on an earlier date, but were not deducted or charged and, consequently, are being deducted or charged currently.

Negative adjustment means the removal of money from a participant’s TSP account money that the agency had previously submitted in error.

Pay date means the date established by an employing agency for paying its employees or service members.

Payment record means a data record submitted by an employing agency to report contributions or loan payments to a participant’s TSP account.

§ 1605.2 Calculating, posting, and charging breakage.

(a) The TSP will calculate breakage on late contributions, makeup agency contributions, and loan payments as described by §1605.15(b). This breakage calculation is subject to the following rules:
(1) The TSP will not calculate breakage if contributions or loan payments are posted within 30 days of the “as of” date, or if the total amount on a late payment record or the total agency contributions on a current payment record is less than $1.00; and
(2) The TSP will not take the participant’s interfund transfers into account when determining breakage.
(b) Calculating breakage. The TSP will calculate breakage as follows:
(1) For contributions or loan payments with “as of” dates on or after January 1, 2000, the TSP will:
(i) Use the participant’s contribution allocation on file for the “as of” date to determine how the funds would have been invested. If there is no contribution allocation on file, or one cannot be derived based on the investment of contributions, the TSP will consider the funds to have been invested in the G Fund;
(ii) Determine the number of shares of the applicable investment funds the participant would have received had the contributions or loan payments been made on time. If the “as of” date is before TSP account balances were converted to shares, this determination will be the number of shares the participant would have received on the conversion date, and will include the monthly earnings the participant would have received had the contributions or loan payments been made on the “as of” date; and
(iii) Determine the dollar value on
the posting date of the number of
shares the participant would have re-
ceived had the contributions or loan
payments been made on time. The dif-
ference between the dollar value of the
contribution or loan payment on the
posting date and the dollar value of the
contribution or loan payment on the
“as of’ date is the breakage.

(2) For contributions and loan pay-
ments with an “as of” date before Jan-
uary 1, 2000, the TSP will:

(i) Value the contributions and loan
payments from the “as of” date
through the date TSP accounts were
converted to shares, by using the
greater of either the G Fund monthly
rate of return or the average monthly
rate of return for all TSP Funds;

(ii) Determine the number of shares
the participant would have received at
conversion; and

(iii) Determine the dollar value of
those shares on the posting date by
using the greater of either the G Fund
share price or the average share price
for all of the TSP Funds. The dif-
ference between the dollar value of the
contribution or loan payment on the
posting date and the dollar value of the
contribution or loan payment on the
“as of’ date is the breakage.

(c) Posting contributions and loan pay-
ments. Makeup and late contributions,
loan payments, and breakage, will
be posted to the participant’s account
according to his or her contribution al-
location on file for the posting date. If
there is no contribution allocation on
file for the posting date, they will be
posted to the G Fund.

(d) Charging breakage. If the dollar
amount posted to the participant’s ac-
count is greater than the dollar
amount of the makeup or late con-
tribution or loan payment, the
TSP will charge the agency the addi-
tional amount. If the dollar amount
posted to the participant’s account is
less than the dollar amount of the
makeup or late contribution, or late
loan payment, the difference between
the amount of the contribution and the
amount posted will be forfeited to the
TSP.

(e) Posting of multiple contributions. If
the TSP posts multiple makeup or late
contributions or loan payments
with different “as of’ dates for a par-
ticipant on the same business day, the
amount of breakage charged to the em-
ploying agency or forfeited to the TSP
will be determined separately for each
transaction, without netting any gains
or losses attributable to different “as
of’ dates. In addition, gains and losses
from different sources of contributions
or different TSP Funds will not be net-
ted against each other. Instead, break-
age will be determined separately for
each as-of date, TSP Fund, and source
of contributions.

(70 FR 32209, June 1, 2005)

Subpart B—Employing Agency
Errors

§ 1605.11 Makeup of missed or insuffi-
cient contributions.

(a) Applicability. This section applies
whenever, as the result of an employ-
ing agency error, a participant does
not receive all of the TSP contribu-
tions to which he or she is entitled.
This includes situations in which an
employing agency error prevents a par-
ticipant from making an election to
contribute to his or her TSP account,
in which an employing agency fails to
implement a contribution election
properly submitted by a participant, in
which an employing agency fails to
make agency automatic (1%) contribu-
tions or agency matching contribu-
tions that it is required to make, or in
which an employing agency otherwise
erroneously contributes less to the
TSP for a participant’s account than it
should have. The corrections required
by this section must be made in ac-
cordance with this part and the proce-
dures provided to employing agencies
by the Board in bulletins or other guid-
ance. It is the responsibility of the em-
ploying agency to determine whether it
has made an error that entitles a par-
ticipant to error correction under this
section.

(b) Employer makeup contributions. If
an employing agency has failed to
make agency automatic (1%) contribu-
tions that are required under 5 U.S.C.